FILED
OCT 9 1975
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1975

No. 75-310

SPERRY RAND CORPORATION,

Petitioner,

—v.—

DEERE & COMPANY,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

REPLY BRIEF FOR PETITIONER

PHILLIP H. MAYER
One IBM Plaza (Suite 4600)
Chicago, Illinois 60611

DENNIS G. LYONS
DAVID BONDERMAN
1229 Nineteenth Street, N. W.
Washington, D. C. 20036

Attorneys for Petitioner

Of Counsel:

WOLFE, HUBBARD, LEYDIG,
VOIT & OSANN, LTD.
Chicago, Illinois

JOSEPH A. BROWN
New Holland, Pennsylvania

ARNOLD & PORTER
Washington, D. C.

October, 1975

IN THE

Supreme Court of the United States

OCTOBER TERM, 1975

No. 75-310

SPERRY RAND CORPORATION,

Petitioner,

—v.—

DEERE & COMPANY,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

REPLY BRIEF FOR PETITIONER

1. After an attempt, which we will touch on later (pp. 6-10 below), to present this case to this Court on the basis of facts other than those on which the Court of Appeals decided it, the Respondent joins us in our position as to what basic legal question is presented by this case. That question is whether the "new and surprising results" test of the *A&P* case in 1950 survived the enactment of Section 103 of the Patent Act and this Court's decision in *Graham* v. *John Deere Co.,* 383 U.S. 1, and the cases decided with *Graham* in 1966 by this Court. See Br. Op. 12-16. It is Respondent's position that this Court's decision in *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co., Inc.,* 396 U.S. 57 (1969), teaches that the test laid down in the *A&P* case for the validity of a mechanical combination patent—and applied by the Ninth Circuit to void the "Haybine" patent—in fact survived Section 103 and the *Graham* decision. (Br. Op. 13-14)

Thus, it is Respondent's position that in the case of a combination patent—and virtually every patent in the mechanical arts is a combination patent—two tests must be met for patent validity: *first,* the requirement that the combination, as the Ninth Circuit held, "must result in new and surprising consequences and not merely produce a result consistent with the expected operation of the sum of the constituent elements" (Pet. App. 3a), and only then, *second,* the "obviousness" test, namely, is the making of the combination—the particular putting together of old elements, as the elements in the mechanical arts all are—an obvious one.

The issue thus squarely framed by the Petition and the Brief in Opposition is whether the "new and surprising results" test has survived with the "obviousness" test taught by *Graham*. Respondent says it has—Petitioner says that it has not. The competing arguments are representative of the division in authority that has produced such dramatically different results in the various Courts of Appeals, and which should be resolved by this Court.

We would observe that although Respondent presents the tests as two separate tests, each of which must be met, the practical effect of Respondent's position is that there would only be one test—the "new and surprising consequences" test enunciated by the Ninth Circuit below.[1] It is that test—which, as we set forth in the Petition (Pet. 24-27), would

[1] While Respondent's test is presented as having two aspects (Br. 14-15), the truth is that if a mechanical combination actually resulted in "new and surprising consequences" and did not "merely produce a result consistent with the expected operation of the sum of the constituent elements," as that language is used by the Ninth Circuit, that is, create physical results not implicit in the mechanical elements themselves (assuming somehow that this could be done), the result would be certainly "nonobvious." Thus, the "new and surprising results" test would completely supersede the "obviousness-nonobviousness" test. If Respondent is right, one wonders why this Court spent so many pages in the *Graham-Calmar-Adams* trilogy in 1966 expounding the "obviousness-nonobviousness" test.

invalidate virtually every patent in the mechanical field—that we contend did not survive the *Graham* case, being superseded by the test of "obviousness" taught by the *Graham* case.[2]

We set forth in the Petition our interpretation of the *Anderson's-Black Rock* case and our position that the *Graham* test of "obviousness-nonobviousness" is the touchstone as to whether an invention exists, whether in the mechanical or in the electrical or chemical fields. After the enactment of Section 103, the "obviousness-nonobviousness" test is the standard of invention, not merely an "additional" test to supplement the *A&P* requirements. Section 103 of the Patent Act of 1952 was designed to harmonize the decisions through the "obviousness-nonobviousness" standard. It was not designed to codify the *A&P* test, but to supersede it. Pet. 20-23.

Indeed, one of the infringers' counsel in the *Graham-Calmar-Adams* trilogy contended that the Constitution mandated the old *A&P* test for a combination mechanical patent, whatever was the rule as to other types of patents.[3] But this contention, now reiterated by Respondent, was not accepted by the Court in *Graham,* which applied the test of "obviousness" to the combination involved in the *Calmar* case. See 383 U.S., at 30-37.

There is no support whatsoever in *Graham* for the special test contended for by Respondent as to mechanical combination patents. The opinion in *Graham* and the related cases may be searched in vain for any reference to the "new and surprising results" test. And in the

[2] Respondent suggests (Br. Op. 12) that we are urging that "mere aggregations of old elements are now patentable." But clearly the "obviousness-nonobviousness" test precludes the patenting of "mere aggregations," which is the bringing together of old elements in cases where the combination is obvious and thus no invention is involved.

[3] See Br. for Pet'r, *Calmar, Inc.* v. *Cook Chemical Co.,* No. 37, O.T. 1965, pp. 22-27.

Anderson's-Black Rock case this Court expressly applied the "obvious-nonobvious" standard to the making of a combination; it struck down the patent there involved, stating that "we conclude that the combination was reasonably obvious to one with ordinary skill in the art." 396 U.S., at 60. The *Anderson's-Black Rock* opinion's sole reference to the *A&P* case was to a general, noncontroversial principle taught by that case and not to its "new and surprising results" language. *Id.*, at 61. It should be noted that, in the *Graham* case itself, the Court of Appeals for the Eighth Circuit, whose judgment was reviewed in *Graham*, had applied the "new and surprising results" test (333 F.2d 529, 533-34); but this Court, in affirming its judgment, noted that it had "determined that neither [the Eighth nor, in an earlier decision, the Fifth] Circuit applied the correct test." 383 U.S., at 4.

The critical point is that the Respondent admits that, for the legal position of the Ninth Circuit below to be correct, the "new and surprising results" test of the *A&P* case has to survive the *Graham* decision and the enactment of the Patent Act of 1952. (Br. Op. 12-16) Such a legal proposition obviously presents an important issue of law which should be resolved by this Court. The Ninth Circuit's and the Respondent's proposition certainly conflicts with decisions in other circuits which have enunciated the test as whether "the *bringing together* of these elements [in combination patents] would have been obvious," *Shaw* v. *E.B. & A.C. Whiting Co.*, 417 F.2d 1097, 1104-05 (2d Cir. 1969), *cert. denied*, 397 U.S. 1076 (1970) (emphasis original), that is, solely the obviousness-nonobviousness test of *Graham*.[4] Clearly, this issue is one which should be resolved by this Court.[5]

[4] As to the suggestion by Respondent that the Tenth and District of Columbia Circuits embrace the same test as that of the Ninth Circuit (Br. Op. 16), we refer the Court to our discussion in Pet. 15 n. 11.

(*footnote 5 appears on following page*)

This case is one which presents that question very squarely; and it is hardly a "routine one." (Br. Op. 1) This case was originally argued in July 1973 before a panel of the Ninth Circuit, with Petitioner then making the point that the basic current of authority in the Ninth Circuit applying the "new and surprising results" test, as exemplified by decisions such as *Regimbal* v. *Scymansky*, 444 F.2d 333 (9th Cir. 1971) and other cases cited at Pet. 15 n. 12, were contrary to a "maverick," but we contend correct, Ninth Circuit decision, *Reeves Instrument Corp.* v. *Beckman Instruments, Inc.*, 444 F.2d 263, *cert. denied*, 404 U.S. 951 (1971).—In *Reeves*, a panel of the Ninth Cir-

[5] Respondent suggests that the *A&P* standard of "new and surprising results" is one dictated by the Constitution. If that were the case, it is surprising that this Court overlooked reiterating it in the *Graham* case, where it analyzed three separate patents in its most thoroughgoing analysis of the standard of invention in the past generation. The constitutional standard, however, is one which grants the patent monopoly to "Inventors" whose inventions "promote the Progress of Science and useful Arts." Art. I, Section 8, Clause 8. The precise judicial phrasing of what constitutes an "invention" has varied over the years, but, as the Court taught in the *Graham* case, the basic question is a functional one involving a "comparison between the subject matter of the patent, or patent application, and the background skill of the calling." 383 U.S., at 12. It is to that analysis that the test of "obviousness-nonobviousness" as set forth in Section 103 is related; the "new and surprising results" test is completely foreign to it. The suggestion by Respondent that this case has constitutional dimensions is itself indicative of the need for this Court's review.

Respondent points to the language in *Graham* (383 U.S., at 17) that the Section 103 test of obviousness is an "additional condition," suggesting that it is additional to the "new and surprising results" test. (Br. Op. 14-15) The *Graham* decision of course says nothing of the kind. The other two tests referred to in the *Graham* opinion at page 17 are the tests referred to in Sections 101 and 102 of the Act, including the test of Section 101 that "[W]hoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor . . . ." Obviously, the "Haybine" was "new and useful"; the only litigated question here was whether it met the conditions for patentability set forth in Section 103.

cuit had upheld a combination patent under the "obviousness" standard, observing that the requirement of "new and surprising results" from a patented combination "precludes the patenting of virtually any mechanical or electrical device since the vast majority, if not all, involve the construction of some new device (or machine or combination) from old elements." *Id.*, at 276.[6]—After the July 1973 oral argument, the Ninth Circuit *sua sponte* took the case *en banc* in February 1974, in a vote kept secret until later. Six months later, the vote to consider the case *en banc* was rescinded, a judge of the original panel recused himself, a new panel was constituted, and the case was reargued orally before the new panel in December 1974. See the Appendix to this Brief, p. 1a, below. It was only after this agonizing decisional process in the Ninth Circuit that the decision in this allegedly "routine" case emerged in March 1975, close to two years after its original argument.

This is not a routine case. It is a case which on the law obviously gave the Ninth Circuit great difficulty before it reiterated its "new and surprising results" tests derived from *A&P*. It is an ideal case for this Court to resolve the basic question of law jointly identified by the parties.

2. Respondent's frank avowal of the important issue of law presented by this case is preceded (Br. Op. 3-9) by an underbrush of factual contentions in an apparent effort to divert this Court from reviewing this case. But none

[6] The *Reeves* decision, in an attempt to reconcile its holding with the major—and we submit erroneous—current of authority in the Ninth Circuit, cited the *A&P* case and viewed it as a special application of the "obviousness-nonobviousness" test. It pointed out that this Court's decision in the *Anderson's-Black Rock* case "supports this interpretation of the *A&P* decision." 444 F.2d, at 271.

The court pointed out that, under the "new and surprising results" test, "There is doubt that anything would be patentable." It observed that the "new and surprising results test," if logically applied, would make all inventions unpatentable "because they amount to no more than a discovery of something which already existed in nature." *Id.*, at 270-71 n. 4.

of the factual points raised by Respondent is any obstacle to this Court's review.

(a) Respondent claims that the prior-art Crose machine was "highly successful" and that the "Haybine" differed from it "only in pedestrian, obvious ways." (Br. Op. 3) We begin by observing that it is strange that under these circumstances the Deere engineers, who had seen the Crose machine years before the "Haybine" was invented (Tr. 822, 838-40), copied it neither at that time nor later. Rather, as their extraordinary 1966 memorandum quoted at Pet. 12 indicates, they chose to copy the "Haybine."

The reason was, as the Court of Appeals held, that "[T]hese prior machines were subject to frequent plugging when cut hay would pile up in front of the conditioning rolls and, consequently, were not widely used." (Pet. 2a) As the Court of Appeals also held, the "Haybine" "solved the plugging problem." *Ibid.* The result was that, while Crose sold six or seven of his machines, New Holland sold tens of thousands of the "Haybine." The highly selective testimony quoted by Respondent (Br. Op. 6-7) simply shows that there were occasions on which the Crose machines did not plug. The record contains ample evidence that on numerous occasions the Crose machines were subject to plugging (PX 16-B, pp. 8-9; Tr. 110-13) which accounted for their use being confined to a few machines cutting hay for a few years in a few locations in California. (PX 16-A, 16-B, and 16-C) The Crose machines were a forgotten failure, rediscovered by Deere's counsel in an effort to find "enough prior art to help" as pleaded for by Deere's chief engineer in the 1966 memorandum.

(b) Respondent, at Br. Op. 8-9, engages in an obscurantist attempt to suggest that the nub of the "Haybine" invention is "attenuation" and to make some sort of

point from the fact that the word "attenuation" is never used in the patent. This is essentially a verbal quibble which was anticipated in Pet. 9 n. 5. The "Haybine" patent teaches the design of the "Haybine" machine and shows a mechanism which inherently attenuates the flow of the cut crop material and is capable of operation as a practical mower-conditioner for all sorts of hay crops.

(c) Respondent says that "neither petitioner's 'Haybine' machine nor the idea of mowing and conditioning hay in a single pass" was new. (Br. Op. 7) But that is as irrelevant as saying that the Wright brothers were not the first to think of a heavier-than-air flying machine, since the idea was already old by the time of Leonardo da Vinci. The fact of the matter is, however, that the "Haybine" was the first machine successfully and practically to be capable of "mowing and conditioning hay in a single pass," just as the Wright brothers' machine was the first machine successfully and practically to achieve heavier-than-air flight. The earlier machines did not work. It is one thing to have the idea of mowing and conditioning hay in a single pass; it is quite another to invent a machine that will do it—as to all forage crops, and without "plugging."

(d) Respondent suggests that the "Haybine" was found below to be an "obvious modification" of the Crose machine. (Br. Op. 7) But Respondent's counsel, in his opening statement in this case, stated that "in the first place, we are really not dealing with obviousness here, Your Honor; it doesn't enter into the case." (Tr. 18) And, as detailed in the Petition (Pet. 17 and Pet. 25 n. 19), the lower courts did not find that the "Haybine" was an "obvious" combination of the prior-art elements. They simply found—as is undisputed—that the physical elements used in the "Haybine" were standard mechanical elements and that the machine was composed of them. But the combination was completely unobvious, as the evidentiary tests reviewed at Pet. 26 n. 20 demonstrate. If making this particular combination was "obvious," as Respondent now appears to suggest, one wonders why the Deere engineers were confused as to where to put the "aggressive" upper roll; at first they put it on the bottom rather than the top, it not being "obvious" to them that it had to be on the top in order for the machine to work. As Respondent somewhat delicately points out: "the roll reversal in respondent's second model resulted from *field experience.*" (Br. Op. 11; emphasis original) The "field experience" was that the first model was beset by plugging problems. (DX 80, pp. 226, 344-45)

It is important to note what the Crose machine was not—apart from the fact that it was not a workable machine. It had no aggressive upper roll or, indeed, any aggressive roll; it was built on the "wringer-washer" principle. Its reel was not close to the rolls, and its reel tines were not controlled to deliver the cut crop material directly into the rolls. It did not have a rough-surfaced upper roll slightly ahead of the lower roll to strip the cut crop from the reel. It never had a roll speed that was faster than the reel speed and related to it so as to aid in stripping the reel. As the Court of Appeals found (Pet. 2a), the employment of these elements in the "Haybine" "solved the plugging problem."

These elements—although, to be sure, chosen from the staple elements of the mechanical arts, but put together in a completely unobvious way—made the "Haybine" what it is—a brand-new type of farm machinery, selling tens of thousands each year. The Crose machine did not have the elements which made the "Haybine" an operational success; its life span was limited to a few years when a few machines were unsuccessfully used in a few places in

California. As one court trenchantly once put it: "Patents for useful inventions ought not to be invalidated and held for naught because of . . . excursions into the boneyard of failures and abandoned experiments." *Reynolds* v. *Whittin Machine Works, Inc.*, 167 F.2d 78, 84 (4th Cir. 1948).

This Court thus can and should reach the important issue of law identified by both parties in this case, and review the decision below which establishes an incorrect and inherently impossible standard for the patenting of mechanical inventions.

CONCLUSION

For the reasons stated in the Petition and herein, the Petition for Certiorari should be granted.

Respectfully submitted,

PHILLIP H. MAYER
One IBM Plaza (Suite 4600)
Chicago, Illinois 60611

DENNIS G. LYONS
DAVID BONDERMAN
1229 Nineteenth Street, N. W.
Washington, D. C. 20036

Attorneys for Petitioner

Of Counsel:

WOLFE, HUBBARD, LEYDIG,
VOIT & OSANN, LTD.
Chicago, Illinois

JOSEPH A. BROWN
New Holland, Pennsylvania

ARNOLD & PORTER
Washington, D. C.

October, 1975

APPENDIX

Order Regarding En Banc Consideration

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED AUG. 26, 1974

CLERK, U. S. COURT OF APPEALS

No. 71-1897

DC # 7306 Civ.

DEERE & COMPANY,

Plaintiff-Appellee,

—v.—

SPERRY RAND CORPORATION,

Defendant-Appellant.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA

Before: CHAMBERS, MERRILL, KOELSCH, BROWNING, DUNIWAY, ELY, HUFSTEDLER, WRIGHT, TRASK, CHOY, GOODWIN, WALLACE, and SNEED, *Circuit Judges.*

By vote of the court taken February 28, 1974, this case was withdrawn from the panel of Judges Merrill, Trask, and Kelleher, and taken en banc. Judge Merrill has now recused himself from consideration of this case.

No order of this court taking this case en banc has been filed. The vote is rescinded and the cause is returned for disposition to a panel consisting of the two remaining judges on the original panel and a third judge whose name shall be selected by lot by the Clerk of the court.

For the Court:

RICHARD H. CHAMBERS
United States Circuit Judge